



Kansas Department of Credit Unions

KDCU Newsletter

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DECEMBER 7, 2012

2012 Report—Kansas Department of Credit Unions

THIS ISSUE AT A GLANCE

- **2012 KDCU Report**
- **December 31, 2012 Call Report Information**
- **Examination Current Topics Proper Lien Filings**
- **December Credit Union Advisory Council Meeting Summary**

Kansas Department of Credit Unions

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The Newsletter's lead article is a report of actions taken by the Administrator, KDCU. The information in these reports is provided to the Credit Union Council and discussed at their quarterly meetings. Similar reports are discussed at our quarterly financial examiner meetings. Contact the Administrator if you have questions or comments regarding these reports or actions.

New Credit Unions Chartered

No new credit unions were chartered in 2012. No new applications are in process. The last new credit union chartered was in 2005.

Credit Union Condition Reports

Quarterly the Council reviews the condition of Kansas credit unions as measured by aggregate CAMEL ratings assigned as of the date of the Council meeting. CAMEL ratings assigned to individual credit unions are confidential and are never disclosed to the Council. What is disclosed is the aggregate CAMEL rating by 1 through 5 and a comparison of these ratings from the previous six years. Historically CAMEL aggregate ratings do not vary greatly. As of December 1, 2012 there were 14 credit unions rated a CAMEL 1 (18%), 50 rated a CAMEL 2 (63%), 14 rated a CAMEL 3 (18%), 2 rated a CAMEL 4 (1%) and none rated a CAMEL 5.

Administrative Orders Issued during 2012

Administrative orders were issued prohibiting four individuals from participation in any manner in the conduct of the affairs of any credit union under the jurisdiction of the Credit Union Administrator of the State of Kansas.

Administrative orders for corrective action was issued to one credit union. A credit union was released from conservatorship during 2012.

Bylaw Amendments Approved.

Topeka Post Office Credit Union
Veterans Administration Credit Union

Topeka Firemen's Credit Union
Kansas Corporate Credit Union
Ark Valley Credit Union
Area Credit Union

Complete Set of Bylaws Approved

Kansas City P & G Employees Credit Union
Kansas Teachers Community Credit Union

Credit Union Branches Approved

Kansas Teachers Community Credit Union
Midwest Regional Credit Union
Meritrust Credit Union

Credit Union Mergers Approved

First Choice Credit Union merged into Credit Union of America

Treasure State Corporate Credit Union (a Montana charter) merged into Kansas Corporate Credit Union

Credit Unions on Monthly Reporting

Credit unions are placed on monthly reporting for review of their financial condition. These credit unions send reports required by the assigned financial examiner to the KDCU office. These reports are reviewed and a copy is forwarded to the assigned financial examiner.

As of December 1, 2012 there were nineteen credit unions reporting monthly to the Topeka office. The number reporting remains fairly constant as examinations are completed and credit unions are assigned or removed from the monitoring requirement.

Credit Union Examinations

Approximately 25% of credit union examinations in 2012 were either joint with NCUA or included an share insurance review by NCUA. The determination of the credit unions to be jointly examined or include an insurance review are made at the end of 2012 by a meeting and discussion between KDCU and NCUA. KDCU financial examiners will always be in charge of joint examinations.

We expect about 25% of Kansas chartered credit unions will be jointly examined or include an insurance review in 2013. The KDCU financial examiner will notify the credit union if the examination includes NCUA participation.

2012 Kansas Credit Union Legislation

Credit union statutes and regulations are published on the KDCU web site at www.kansas.gov/kdcu/. Question concerning statutes or regulations can be directed to the KDCU office.

SB 263 eliminated the requirement for the credit committee, clarifies the suspension procedures (members of the credit and supervisory committees for failure to perform their duties) and provides that any member denied a loan has the right to appeal the decision to the board of directors if the credit union's bylaws allow for such an appeal.

SB 265 provides for the appeal of the decision by the Administrator to disapprove a bylaw amendment and allows a proposed bylaw amendment to be considered approved if the

Administrator has not acted within 60 days.

H Sub for SB 287 removes the private insurance provisions from the statutes and allows the Administrator to establish a salary schedule based on similar geographic areas and appoint credit union personnel into the unclassified service. The salary schedule must be approved by the Governor and reported to the Credit Union Council annually.

Regulation Changes

There were no changes in Kansas credit union regulations in 2012.

December 31, 2012 Call Report Cycle

Call report materials will be mailed to credit unions on December 17, 2012. The deadline for credit unions to have their Decem-

ber 31 call reports completed and certified on Credit Union Online is Friday, January 18, 2013.

Complaints Processed

KDCU is receiving an increasing number of member complaints. Time to investigate and respond is increasing proportionately. Complaints also may reflect negatively on credit unions. When a complaint is received our process includes contacting the manager and supervisory committee of the credit union involved. We appreciate your assistance in investigating and resolving complaints.

Bulletins Issued

Since the last newsletter two bulletins and one Newsletter have been issued. KDCU bulletins and newsletters are e-mailed to credit unions and are on the KDCU web site at www.kansas.gov/kdcu/.

Examination Current Topics

Proper Lien Filings

A review of recent examinations has identified an issue with the proper filing of liens. Several credit unions are not filing Notice of Security Interest, (NOSI) forms with the county at the time of loan origination. Allowing the borrower to title a vehicle without filing a NOSI creates an unnecessary risk for the credit union. Credit unions must be diligent in filing proper documentation with the appropriate treasurer/county clerk's offices to ensure their interests are protected.

A Happy Holiday Season and a Prosperous 2013

CREDIT UNION COUNCIL MEETS

The Credit Union Advisory Council met on December 7, 2012. Council members attending were Jacque Cully, Sue Henke, Dan Springer, Deann Shinkle, John Beverlin, and Jim Holt. KDCU staff present were Jenny Rezac, John P. Smith and Michael Baugh. Guest was Larry Eisenhauer, Kansas Corporate Credit Union.

Dan Springer was elected Council Secretary.

The Council received and discussed several reports:

- ◆ KDCU financial reports.
- ◆ KDCU draft FY2014—2015 budgets

- ◆ Kansas credit union condition report.

- ◆ Proposed KDCU unclassified personnel salary schedule.

- ◆ Changes in credit union bylaws, articles of incorporation, credit union mergers, administrative actions, number of credit unions on monthly reporting, frequency of examinations, and new branches approved.

Larry Eisenhauer, President/CEO Kansas Corporate Credit Union described the activities of Kansas Corporate Credit Union.

A written report from the Kansas Credit Union Association was received and read.

The next meeting of the Credit Union Advisory Council will be by conference call at 10 a.m., Thursday, March 14, 2013. The call-in number will be posted on the KDCU web site prior to the meeting.

Council meetings are public meetings open to credit unions and the public. Meeting notice and agenda are on the KDCU web site at www.kansas.gov/kdcu/. Credit unions are encouraged to attend.

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